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Council on Technology Services masthead
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EXECUTIVE COMMITTEE

DRAFT MINUTES

Thursday, April 25, 2002
Department of Motor Vehicles Executive Conference Room
9:00 a.m. – 2:00 p.m.

ATTENDANCE:

Members:

Cheryl Clark (Department of Motor Vehicles); Chip German (University of Virginia); Bruce Gordon (Department of Information Technology); David Molchany (County of Fairfax); Jerry Simonoff (Department of Technology Planning)

Presenters, Guests, and Representatives:

Leslie Carter (Department of Information Technology); Phil Doty (Pinkerton Computer Consultants); Paul Lubic (Department of Technology Planning); Ken Lyons (WorldCom); Matt Shaffer (WorldCom); Dan Ziomek (Department of Technology Planning)

Members Absent:

Ray Davis (Department of Game and Inland Fisheries); Secretary of Technology George C. Newstrom; David Sullivan (City of Virginia Beach)

DISCUSSION OF TECHNOLOGY WORKGROUP

Dan Ziomek discussed a proposed charter for the new Technology Workgroup. The

workgroup objectives are:

1. Implement the Commonwealth major IT project status report dashboard
2. Implement the IT project and procurement approval request system
3. Sponsor the Commonwealth project management guideline (methodology)
4. Enhance the current Commonwealth technology portfolio
5. Support development of IT strategic planning, enterprise program management and project management standards, guidelines and tools
6. Establish a project management center of excellence and online best practices reference library
7. Institute a Commonwealth project manager development program

Cheryl Clark stated that the COTS proposed strategic goals listed in the charter would best be adopted by COTS separately. They should be listed as proposed goals in the charter. Dan Ziomek will talk to Jenny about putting the charter and the adoption of the goals onto the COTS agenda for the May 9th meeting. Cheryl Clark will do the lead in for the discussion of the workgroup formation at the COTS meeting as part of a discussion of the last two COTS Executive Committee meetings. Dave Molchany will contact Chris Saneda to ask him if he would accept the nomination to chair the workgroup. Dave Molchany stated that consideration of Commonwealth enterprise standards and architecture should be a part of the project procurement and approval process that the workgroup creates.

Dave Molchany said that he would send the COTS Executive Committee copies of the IT project request templates used by Fairfax County.

DISCUSSION OF COTS MEETING SPEAKERS FOR MAY 9TH

Dave Molchany stated that Jenny Wootton requested that the COTS Executive Committee decide on speakers for the May 9th meeting. The group decided on the following:

1. 30 minutes George Newstrom - Challenges and Opportunities
2. 5-10 minutes Bruce Gordon – House Bill 519
3. 15-20 minutes Bernie Hill and 15-20 minutes Shirley Payne UVA – Two Models for Security Awareness Programs

DISCUSSION OF HOUSE BILL 519

Bruce Gordon and Leslie Carter discussed HB 519. The bill transfers the authority for IT procurements to the Commonwealth's Department of Information Technology (DIT). DIT will now be able to do spot (Agency Specific) procurements and statewide procurements, authority comes on July 1st. DIT will create an interim policy for July 1st and work on final procedures for the fall. DIT is looking for input from COTS/JCOTS, local governments, educational institutions and vendors. DIT would like to make this service as beneficial to everyone as possible. Bruce and Leslie believe that significant changes to DIT's purchasing program can only come about through major substantive changes expected to be introduced to the 2003 legislative session. Procurement changes before July 2003 will be limited by systemic constraints and the focus will be on procurement issues from the Secretary. DIT will also review how sole source contracting is handled.

Dave Molchany stated that he would like to have HB 519 discussed at the next Virginia Association of Local Government IT Executives (VaLGITE) meeting. He will coordinate with Leslie Carter and Fred Kruger.

CAPITAL BUDGETING

At the last COTS Executive meeting, the group discussed alternative ways to budget for IT in the Commonwealth government. Cheryl Clark suggested that COTS Executive Committee look at the principles of capital budgeting. Larry Harrison from DMV attended the meeting to discuss the capital budgeting process.

Mr. Harrison reviewed DMV's capital budgeting steps (Handout attached):

1. November, the Department of Planning and Budgeting DPB begins the process by releasing instructions for agency planning
2. April, agencies submit a summary of all capital project requests this includes capital projects, maintenance reserve projects and capital outlay leases, the summary is for six years
3. June/July, agencies and DPB modify/update agency capital requests.
4. August, existing capital outlay leases and updated maintenance reserve project plans are submitted
5. September, financial feasibility studies for revenue bond-funded capital projects are submitted
6. December, the Governor submits capital budget requests to the general assembly
7. January – March, General Assembly reviews and Approves capital outlay projects
8. July, appropriations approved and available for capital projects.

The advantage of capital money is that is there for the life of the project and carries over until the project is completed. Capital budgeting is dedicated appropriation and funding and it separates large one-time expenditures that should not be part of the operating budget. Agencies need to look comprehensively at large scale investments and the capital planning process is comprehensive. The disadvantage to capital budgeting is that it can add time due to the long planning cycle. A segmented approach to a project can be used, by breaking projects into planning, design and build phases with funding attached to each. This can also be a detriment if early phases are funded and later ones are not.

The group discussion concluded that capital planning and budgeting concepts were good because there was continuity in planning and funding, but capital budgeting may be too much to apply to IT projects. Good points were comprehensive planning and dedicated funding that carried over to ensure that projects were completed.

Dave Molchany stated that Fairfax uses a process similar to capital planning and budgeting for its IT projects. The process is described below:

County staff has implemented a two-phase approach to assist in the evaluation of information technology project proposals submitted each fiscal year for funding and to support the following objectives:

- minimize the rejection of projects that may be beneficial to County business conceptually, however lack substantive information in critical project areas such as staffing plans, technical architecture, project deliverables and benefits;
- ensure that proposed project timeframes, areas of responsibility and funding accurately reflect County procurement, budget and existing IT project commitments, as well as to clearly identify the impact of the project on agency business and technical staff, and agency operations;
- identify potential savings by utilizing exiting County-owned technologies or by jointly reviewing similar individual project requests to minimize IT software and hardware duplication and leverage technology investments already made; and
- ensure that proposed project schedules are feasible, and/or that ongoing projects are within scope and budget, and are on schedule.

Early in the process, agencies are requested to submit both a business and technical viability analysis for each proposed project. The business analysis, reviewed by staff from DMB, includes such factors as business objectives, return on investment (including cost savings, cost avoidance, enhanced revenue, non-quantifiable service benefits, staff

savings and staffing efficiencies), indicators to be used to measure success, estimated costs, business related risks and alternatives to the proposed project.

The technical analysis, reviewed by staff from DIT, includes such factors as proposed system architecture and its compatibility with County's Technical Architecture Standards, impact on existing systems, data conversion and electronic interface requirements, and staffing requirements for development, enhancement and maintenance of the project.

After review by DMB and DIT, recommendations and suggestions for improvement are made to the project sponsors. The projects are then resubmitted for final review by Senior DIT and DMB managers. Once reviewed, funding consideration are guided by five information technology priorities established by the County Senior IT Steering Committee (and derived from the Board of Supervisors' and County Executive's strategic direction) comprised of the County Executive and senior County managers, who meet monthly. The five priorities include providing convenient access to information and services, providing a high level of responsiveness to customer requirements, management of information assets, management of technology assets and management of human resource assets.

The final review is provided by ITPAC (the Board of Supervisors' private sector IT Policy Advisory Committee), at its monthly meeting. ITPAC's endorsement for the fiscal year IT spending plan is presented to the Board prior to budget approval and is seen as an independent endorsement of the plan. The project review process ensures that the County considers the viability and value of each IT project, that there are multiple levels of review and that the projects meet the funding priorities set down by the Senior IT Steering Committee, which include projects that provide:

- Convenient access to information and services
- A high level of responsiveness to customer requirements
- Management of County information assets
- Management of County technology assets
- Management of County human resource assets

Finally the process ensures that ITPAC agreed with the recommended IT direction and can endorse it to the Board of Supervisors, which appoints the committee members.

The funds for the IT projects approved in Fairfax are placed into an IT modernization fund. The money is for the life of the project or the phase that is to be completed in a fiscal year, depending on deliverables. Projects are planned to have concrete deliverable in one fiscal year, although some funding is also allocated to projects that

cross fiscal years. In the case of a project that crosses a fiscal year a concrete deliverable is normally completed in 18 months.

The group discussion of IT funding, specifically the need for a comprehensive planning process and the funds that carry over from one budget year to another to ensure project completion. The process also needs to be tied to overall project dashboard process.

Education Community Committee Recommendation

Chip German suggested a new committee that would represent the viewpoint of the Commonwealth's education community. The committee would meet to determine how education could work to contribute to the secretary of technology's goals. The group would be an aggregate of education including K12 and higher education. The ad hoc workgroup would convene along side the other COTS agency based groups. Cheryl Clark agreed that this might be a good approach. Jerry Simonoff thought that this might be a good concept to bring to the Secretary. Chip German thought that this would be a positive way to create a collaborative atmosphere. Dave Molchany thought that this group could give K12 a voice, which is not occurring at the present time thought COTS. Chip German will send more information to Jerry Simonoff and Jerry will discuss this with the Secretary.

Discussion Of Secretary's Challenges and Opportunities

The Secretary recommends changes in four key areas:

1. Core technology should be streamlined as a centralized statewide resource
2. Procurement must change in three areas:
    a. Management of procurement
    b. Leveraging the Commonwealth's purchasing power
    c. Exploring all options to focus on core business activities
3. Accounting for technology budgeting and expenditures must be significantly improved
4. The structure of funding technology must encourage investment and return on investment (ROI)

We looked at each of the four areas from a standpoint of best practices, what is practiced in the Commonwealth and potential gap closing.

The group had a long discussion of enterprise IT and the role of the Secretary. Points that were discussed included:

1. Secretary's role over enterprise system procurement
2. Secretary/DIT 's roll in creating statewide IT systems, providing service and facilitating procurement
3. Secretary role in ensuring that end users are involved in projects/procurements that affect them and their agencies/localities/education, i.e. statewide systems
4. Redesign of the budget process to provide for enterprise allocation of IT resources to priority business needs
5. The need to define what enterprise means and make sure understandable and definable for all stakeholders; that "enterprise" does not necessarily mean all of CoVa.
6. The need to determine current funding mechanisms and how they could be changed to benefit commonwealth IT projects
7. The idea of investment (aka: commitment) in IT projects planning and funding for more than two years (the bi-annual budget cycle)
8. How cost avoidance or real savings can be reinvested in IT to create incentives for action and re-investment pool to try to generate capital internally
9. How funding can be defined and communicated clearly. Everything cannot always be funded. Need clear communication of why some things are funded and others are not
10. How resources can be pooled to accomplish IT goals
11. Chip German, UVA suggested that the Education Secretariat form an ad hoc group to design solutions to Secretary Newstrom's issues/goals. These solutions would then be reconciled with non-Education solutions at a later date.

All of the above will be discussed further at the COTS Executive May 13th meeting. DTP will work on another version of the handout used for this topic. The group would like to ask Jenny Wootton not to schedule much for the next COTS Executive meeting other than the discussion of the above points and the new handout. The group will also decide at the next meeting how to bring the rest of COTS into this conversation. The group will discuss on May 13th the possibility of a special COTS meeting and focus group. DTP suggested a focus group around the Secretary's four key areas and the topics listed above.

The Next COTS meeting is May 9th at George Mason University in Fairfax County. Dave Molchany will be absent from the meeting. The next COTS Executive Committee meeting will be May 13th in Richmond.

Next Meeting:

May 13, 2002

2:00 – 4:00 p.m.

Department of Information Technology Executive Conference Room

Respectfully submitted,

David J. Molchany

Chairman